

STATE OF MICHIGAN
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

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In the matter, on the Commission's own motion,)	
regarding administration and operation of the)	Case No. U-13129
Low-Income and Energy Efficiency Fund.)	
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At the February 8, 2010 meeting of the Michigan Public Service Commission in Lansing,
Michigan.

PRESENT: Hon. Orjiakor N. Isiogu, Chairman
Hon. Monica Martinez, Commissioner
Hon. Greg R. White, Commissioner

OPINION AND ORDER

The Customer Choice and Electricity Reliability Act, 2000 PA 141, authorized the creation of the Low-Income and Energy Efficiency Fund (LIEEF) administered by the Commission via grants to qualifying organizations. The purpose of the fund is to provide shut-off and other protection for low-income customers and to promote energy efficiency by all customer classes. The fund's original source of funding was the utilities' securitization savings that exceeded the amount needed to achieve a 5% electric rate reduction for residential and business customers. MCL 460.10d(7) provides for the use of a portion of the savings.

The Detroit Edison Company's (Detroit Edison) interim rate relief order issued on February 20, 2004 in Case No. U-13808 rolled the LIEEF funding requirement into base rates for Detroit Edison's electric customers and continued funding the LIEEF as part of the utility's cost of service. Consumers Energy Company's orders issued on December 22, 2005 in Case

No. U-14347 and November 21, 2006 in Case No. U-14547 also made provisions for funding the LIEEF. In prior orders in this docket, the Commission established a framework for administering the LIEEF and procedures for considering specific proposals.

In this order, the Commission shall award grants totaling \$1,686,370 from the LIEEF. Including these awards, the Commission has approved grants in the aggregate amount of \$547,285,771, has approved contracts totaling \$177,916, and has administered funds specially allocated by the Legislature in the amount of \$25,000,000 from the LIEEF for a total of \$572,463,687.

On November 20, 2009, the Commission invited non-profit organizations and universities to submit proposals that will conduct testing and/or perform studies to explore the feasibility of deployment of offshore wind technologies. The Request for Proposal (RFP) had a two-step process that required applicants to submit a pre-proposal by December 7, 2009 and, if selected, a full proposal by January 11, 2010. By the December 7, 2009 deadline, the following organizations submitted pre-proposals seeking a total of \$6,712,750: Cornerstone Alliance, Grand Valley State University's Michigan Alternative and Renewable Energy Center (MAREC) in partnership with the University of Michigan Michigan Memorial Phoenix Energy Institute, Superior Watershed Partnership, and the University of Delaware.

On December 11, 2009, the Commission notified Grand Valley State University's MAREC and Superior Watershed Partnership that they had been selected to submit full proposals. By the January 11, 2010 deadline, the organizations submitted full proposals seeking a total of \$2,663,630.

The Commission expresses its appreciation to the applicants for providing thoughtful proposals. In awarding the grants, the Commission used the selection criteria outlined in the RFP.

Based on its review of the applications, the Commission awards the following grants:

- Grand Valley State University's MAREC - \$1,336,370 to conduct testing and/or perform studies to explore the feasibility of deployment of offshore wind technologies in Michigan.
- Superior Watershed Partnership – \$350,000 to conduct testing and/or perform studies to explore the feasibility of deployment of offshore wind technologies in Michigan's Upper Peninsula.

For those grantees receiving less than requested in their proposals, the proportion of funds for direct assistance to indirect costs and overhead will remain the same as in their original requests.

The Commission directs the Commission Staff to complete the necessary grant agreement documents with the grantees. As always, the grants are contingent upon review and approval of the State Administrative Board.

THEREFORE, IT IS ORDERED that:

A. The following grants for a total of \$1,686,370 million are approved:

- Grand Valley State University's Michigan Alternative and Renewable Energy Center in partnership with the University of Michigan Michigan Memorial Phoenix Energy Institute - \$1,336,370 to conduct testing and/or perform studies to explore the feasibility of deployment of offshore wind technologies in Michigan.
- Superior Watershed Partnership – \$350,000 to conduct testing and/or perform studies to explore the feasibility of deployment of offshore wind technologies in Michigan's Upper Peninsula.

B. The Commission Staff shall complete the necessary grant agreement documents with the grantees.

The Commission reserves jurisdiction and may issue further orders as necessary.

Any party desiring to appeal this order must do so in the appropriate court within 30 days after issuance and notice of this order, pursuant to MCL 462.26.

MICHIGAN PUBLIC SERVICE COMMISSION

Orjiakor N. Isiogu, Chairman

Monica Martinez, Commissioner

Greg R. White, Commissioner

By its action of February 8, 2010.

Mary Jo Kunkle, Executive Secretary